

9th Annual Report

STATE BOARD OF HAIL INSURANCE

To Montana Grain Growers



1945 BUSINESS SUMMARY

Total risk written.....	\$ 4,571,798
Premium charge	\$ 392,132
Losses paid	\$ 301,263
Policies issued	2,626
Loss claims filed.....	389
Total acres insured.....	541,998
Acres reported damaged.....	78,029
Average insurance per acre.....	\$ 8.44
Average acres insured per policy.....	206
Number of days with hail.....	28
Loss ratio	6.6%
Average cost per \$1000 of protection.....	\$85.77
Average cost of insurance.....	8.6%
Operating expense ratio.....	3.6%
Balance in hail insurance fund for use in 1946 hail season.....	\$ 40,000

**PAYMENTS ON STATE HAIL INSURANCE
LOSSES MAY BE ASSIGNED BUT ARE NOT
SUBJECT TO GARNISHEE OR ATTACH-
MENT.**

The operation of the State Hail Insurance Fund has brought much lower rates for hail insurance to the main wheat belt in Montana for the last 20 years. Grain growers will be assured of the continuance of fair rates for their hail insurance if enough of them continue to ask for State hail insurance.

See pages 6 and 7 for full information on
how to obtain State hail insurance.

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March 7, 1946

Honorable S. C. Ford
Governor of Montana
Helena

My Dear Governor:

I am herewith handing you with this letter some statements showing the most important details of the operation of the State Hail Insurance Department for 1945. The following points are worthy of special mention:

1. The total insurance written was \$4,570,000 and was the largest of any of the past 27 years.

2. The premium levy was \$392,000—the largest for 27 years.

3. The average payment per loss was \$770. This was the highest of all years and due mostly to the fact that the hail was more severe in the areas hit than in any former year. The adjustments show that an average of 45% of the crops damaged by hail were destroyed.

4. The average acres per policy was 206 against the alltime average of 140 acres. This is a reflection of the ever increasing size of Montana farms.

It was a relief to have a lower (6.6%) loss ratio in 1945. From 1940 to 1944 inclusive the loss ratio ran from 7 to 10% each year against the alltime average of 7%.

All losses for the last 27 years are now paid in full except 10% of 1944. The slightly lighter losses of 1945 left enough money with which to make a payment on 1944. 90% of 1944 has now been paid and we hope for a return of years with lighter losses so that this can be completed and a reserve built up like we had at the start of 1940. We will start the 1946 season with about \$40,000 on hand which will be used to make first payments on losses during the summer and will help materially in assuring full payment of 1946 losses.

There were only three days in 1945 with disastrous and widespread storms. The first was July 17 and was bad in northern McCone county and in Fergus county from Moccasin to north of Lewistown. The next on Aug. 2 ran from Brockway to the southeast passing east of Fallon and ending in the Cabin Creek area. The last was August 11. This struck mainly from Agawam to Aznoe and from Valier to the southeast past Fort Benton ending northeast of Montague. Lesser areas were also hit this day near Wagner and in southern Phillips county.

Despite the claims of many that they know the location of hail belts in Montana, where the next hail storms will strike, remains a riddle. During recent years the most severe hail has moved to new areas. In Fallon county in 1943, that year's losses amounted to three times more than in all former years. In 1944 the Richland county losses mounted to 150% of all former years. In 1945 the McCone county losses exceeded those of all former years. It is my opinion that records on losses will have to be kept for at least 75 years before hail belts will be more definitely determined.

We wish to call your attention to another feature of the handling of hail insurance thru the State Hail Fund. During all of the years of its operation, 91c of each dollar paid in for hail insurance has been used for payment of losses. There is no other system of handling hail insurance which approaches this record. In 1945, due to the large volume of business, the expense of operation was less than 4%. This will leave about 95% of all 1945 funds for payment of hail losses.

The large volume of hail insurance carried for the grain growers in 1945, and other recent years, proves the great need for the service offered by the State Hail Fund. Our Board is striving to improve the quality of this service as it is certain that hail will continue to plague the crops of Montana farmers in future years and that they will continue to need the protection afforded by the State Hail Insurance Fund.

What we consider the most important points of interest in the operation of the State Hail Insurance Fund are contained in this letter and the attached statements. If you desire further information on the operation of the Fund or on hail insurance in general, we will do our best to furnish it.


Respectfully yours,

E. K. BOWMAN, Chairman,
STATE BOARD OF HAIL INSURANCE

CASH PAYMENT FOR HAIL INSURANCE SECURES 4% DISCOUNT

When lending agencies furnish the cash with which to pay for 1946 hail insurance, such agencies will be made joint payees. All of these policies will be given a discount of 4%.

Grain growers who expect to secure loans from RACC, PCA, FSA, or other lending agencies should arrange for their loans to include enough credit with which to pay cash for their 1946 hail insurance.



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1945 Risk Written	1945 Levy	1945 Losses	1945 Loss Ratio	27-Year Average Loss Ratio	Average Cost 27 Years
Big Horn	\$ 312,447.20	\$ 26,927.88	\$ 543.80	0	7%	9%
Blaine	11,564.00	898.06	.....	0	4	7
Carbon	3,670.00	271.40	535.30	15	3	8
Carter	17,213.00	1,438.06	1,477.25	9	7	8
Cascade	84,527.60	5,854.96	748.60	1	3	8
Chouteau	367,083.18	25,286.51	14,226.80	4	5	7
Custer	14,504.50	1,273.16	923.00	6	8	8
Daniels	364,194.00	33,291.78	2,363.60	1	5	8
Dawson	238,677.01	23,674.00	24,723.99	10	11	9
Fallon	349,969.03	36,321.56	1,626.35	0	14	9
Fergus	144,146.00	12,790.68	775.20	1	8	9
Gallatin	6,190.00	468.52	.....	0	8	8
Garfield	6,134.00	562.14	641.00	10	8	9
Glacier	14,360.00	1,063.04	.....	0	2	8
Golden Valley	51,441.50	5,127.55	2,230.00	4	14	10
Hill	159,402.50	10,584.70	4,561.90	3	5	7
Judith Basin	14,735.00	1,243.57	.....	0	6	8
Lewis & Clark	734.00	50.65	.....	0	5	7
Liberty	74,474.50	5,035.25	.....	0	3	7
McCone	294,483.50	23,284.56	76,963.97	26	9	7
Meagher	1,170.00	122.40	.....	0	11	9
Musselshell	34,017.20	3,369.79	469.75	1	15	9
Petroleum	7,133.00	642.63	.....	0	6	9
Phillips	31,540.00	2,702.84	1,230.10	4	4	8
Pondera	52,355.92	4,177.97	1,010.12	2	7	8
Powder River	53,989.00	4,956.96	1,988.10	4	6	9
Prairie	137,970.00	12,499.20	56,712.97	40	12	8
Richland	630,238.70	50,539.58	94,697.83	15	13	8
Roosevelt	216,627.00	17,084.59	139.00	0	4	8
Rosebud	9,494.00	863.49	.....	0	6	9
Sheridan	405,284.05	36,253.86	2,171.60	0	6	8
Stillwater	34,545.00	3,411.82	80.50	0	10	10
Teton	24,768.00	1,713.62	.....	0	3	7
Toole	91,915.00	7,932.80	919.00	1	5	8
Treasure	58,799.00	5,403.11	.....	0	14	9
Valley	15,745.00	1,274.94	1,706.44	11	5	8
Wheatland	9,986.50	1,001.21	1,919.20	19	10	10
Wibaux	128,191.55	12,991.28	5,877.70	5	8	8
Yellowstone	98,078.26	9,741.93	.....	0	8	9
	\$4,571,797.70	\$392,132.05	\$301,263.07	7%	7%	8%

27 YEAR SUMMARY

Total risk written.....	\$ 45,008,591
Premium charge	\$ 3,636,857
Losses approved	\$ 3,159,809
*Losses paid	\$ 3,125,539
Policies issued.....	39,381
Total acres insured.....	5,504,006
Average acreage per policy.....	140
Average risk per acre.....	\$ 8.18
Loss ratio	7%
Average cost per \$1000 of protection.....	\$80.80
Number losses adjusted.....	9,079
Operating expense ratio.....	9%

ADMINISTRATION ACCOUNT FOR 1945 January 1 to December 31, inc.

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	\$ 5,980.70
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equip- ment, insurance, employees' bonds).....	\$ 1,313.80
3. Hail adjusters' per diem and expense.....	\$ 6,077.12
4. Advertising	\$ 284.63
5. Office rent	\$ 300.00
6. Collection expense	\$ 114.29
7. Car maintenance	\$ 139.70
	\$14,210.24

*All losses paid in full for 26 years (1919-1945) leaving only
10% of 1944 losses unpaid March 7, 1946.

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN
WHICH YOUR GRAIN IS GROWING

Owners of Unmortgaged Land with Not More Than One Year of Delinquent Tax may have the assessor charge the hail insurance to the land on which the insured crop is growing and the application will not be filed with the clerk and recorder.

Owners of Mortgaged Land Will Have the Insurance charged to the land and the application containing the crop lien will be filed with the clerk and recorder.

Hail insurance will not be charged to any real estate with more than one year of delinquent tax.

Waivers of crop mortgages are not required. The lien in the hail insurance application is a first lien on the insured crop except for liens given for the purchase of the seed with which to plant the insured crop.

Any land owner with not more than one year of delinquent tax may secure hail insurance without paying cash.

Any tenant who owes a delinquent personal hail insurance tax will not be issued another policy unless he pays the delinquent account or pays cash for the next policy.

4% Discount Will Be Given Those Who Pay Cash for Their 1946 Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When to Insure. Experience shows that grain should not be insured until it starts to stem or reaches the height of six inches, and then growing conditions should be favorable. The same care should be used in insuring non-irrigated special crops like mustard and beans. Care should be taken to use hail insurance for protection against loss rather than for speculation. Policies may be issued to grain growers as soon as the crops have an insurable value but no policies will be issued after August 15.

How Much Hail Insurance Per Acre. Barley and rye will be limited to \$8.00 per acre. All other grain may be insured for not more than \$10 per acre. Present prices of grain warrant carrying the limit on all well-tilled fields growing under favorable conditions. Stubbled in crops, or those on inferior soils, should be insured for less than the limit.

Hail Insurance on Special Crops. Not more than the amount shown after each of the following crops may be carried on each acre for 1946:

Irrigated: beans, peas, sugar beets, corn, potatoes.....	\$20
Non-irrigated: mustard, beans and peas.....	\$10
Irrigated or non-irrigated: alfalfa seed.....	\$12
Non-irrigated corn	\$12

Hail Insurance on Mustard, Non-Irrigated Beans and Peas. Any farmer desiring to insure these crops must carry an equal risk on wheat and must include it on the same application unless cash is paid for the hail insurance. If the applicant does not have insurable wheat, other grain may be substituted.

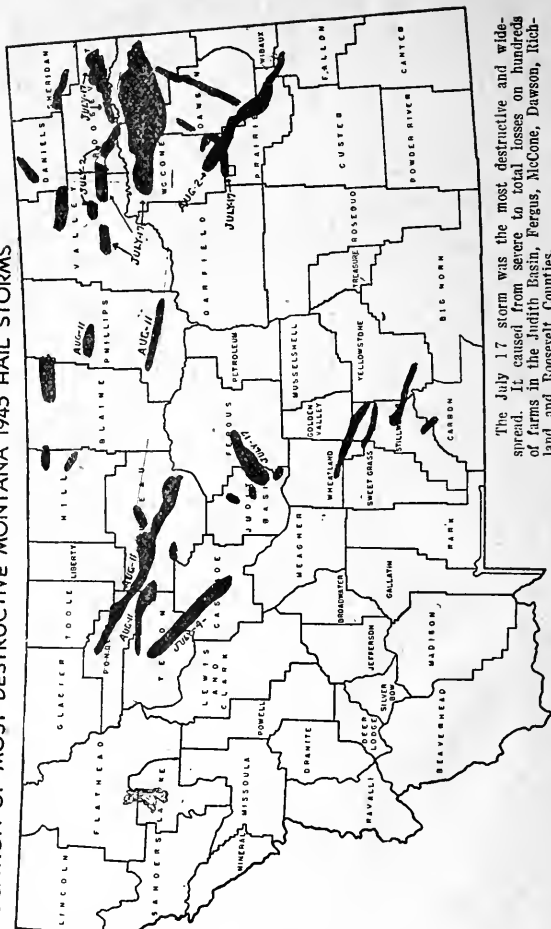
Reduced Rates in Case of Crop Failure. When any insured crop is badly damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraphs 17 and 18-A on the application and policy. If the damage occurs after the dates provided in paragraphs 17 and 18-A, the insured may still obtain a reduction of his premium charge under the provisions of paragraph 18-B.

ADJUSTMENT OF HAIL LOSSES. When any insured is sure that any of his fields have been damaged more than 5% by hail, he should promptly file a loss claim. All State hail adjusters have had actual experience in farming and most of them have adjusted hail losses for many years. Their experience gives them a good idea of the extent of damage sustained. They are instructed to give careful consideration to each claim they are asked to adjust.

Montana State Hail Insurance is a Mutual Fund. All of the money paid into the fund by grain growers is used for hail insurance purposes only.



LOCATION OF MOST DESTRUCTIVE MONTANA 1945 HAIL STORMS



The July 17 storm was the most destructive and widespread. It caused from severe to total losses on hundreds of farms in the Judith Basin, Fergus, McCone, Dawson, Richland and Rosevelt Counties.

Great damage was also caused by the storms of August 2 and 11.

Smaller storms occurred on twenty-five other days during the Summer. Their locations are not shown. For the whole season, loss claims were filed on twenty-eight separate days.

Note—The dark areas on the map show where the most severe 1945 hail storms struck. They represent the location of all of the loss claims filed for the year with the State Board of Hail Insurance and all of the Stock Companies.

MEMBERS OF THE STATE BOARD OF HAIL INSURANCE

E. K. Bowman, Chairman, Helena
 P. J. Anderson, member, Conrad
 B. J. Anderson, member, Fairview
 Geo. P. Porter, member, State Treasurer
 Albert H. Kruse, Secretary,
 Commissioner of Agriculture.

It is the duty of county assessors to furnish grain growers with full information regarding State hail insurance. This folder is issued for the purpose of assisting them in furnishing it.

Hail Insurance is a Necessary Cost of Raising Grain.

As soon as your 1946 crops are insurable we hope you will make application for insurance through your county assessor. There is always a chance that hail may destroy your crops and you can eliminate your worry by carrying hail insurance.

Issued April 1, 1946 by the
 STATE BOARD OF HAIL INSURANCE
 Helena, Montana